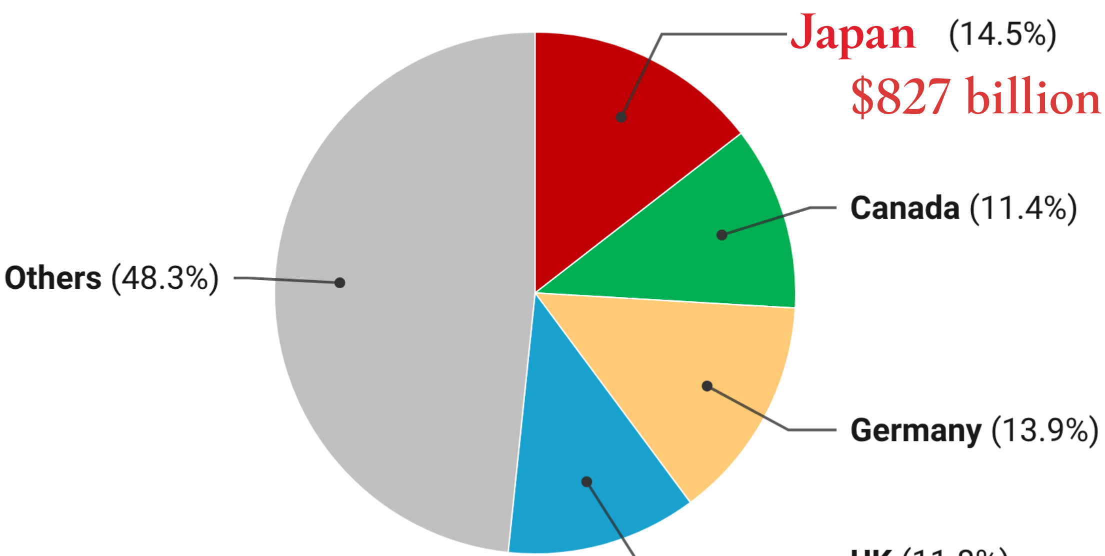
2026

JAPAN'S U.S. INVESTMENT DYNAMIC

Reflecting on the Economic Contributions by Japanese Companies

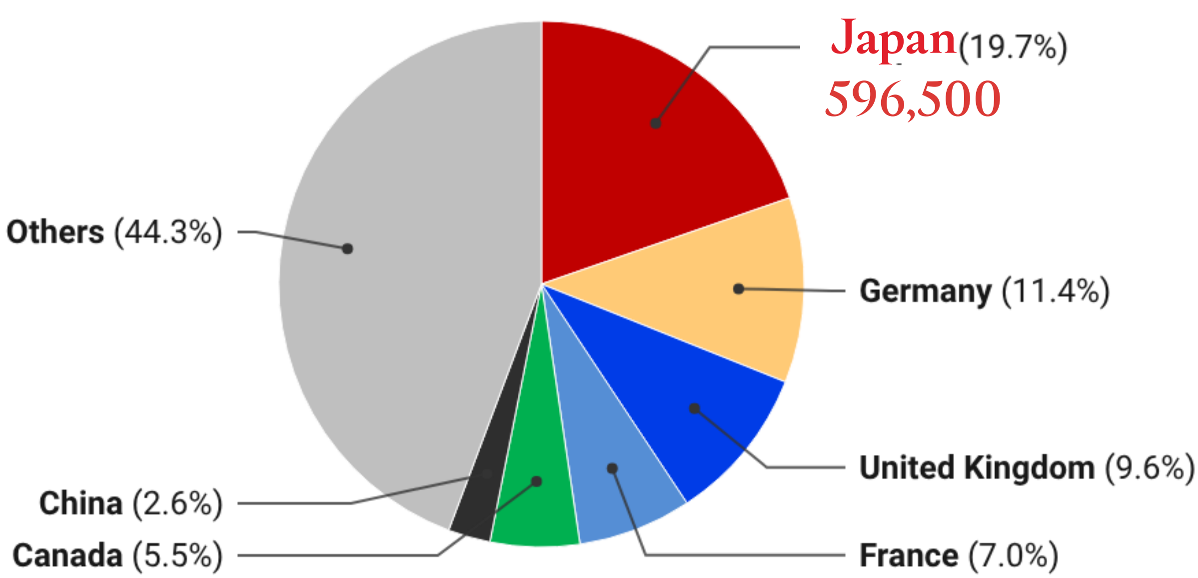
JETRO
Japan External Trade Organization

JAPAN is the #1 Foreign Investor in the U.S.



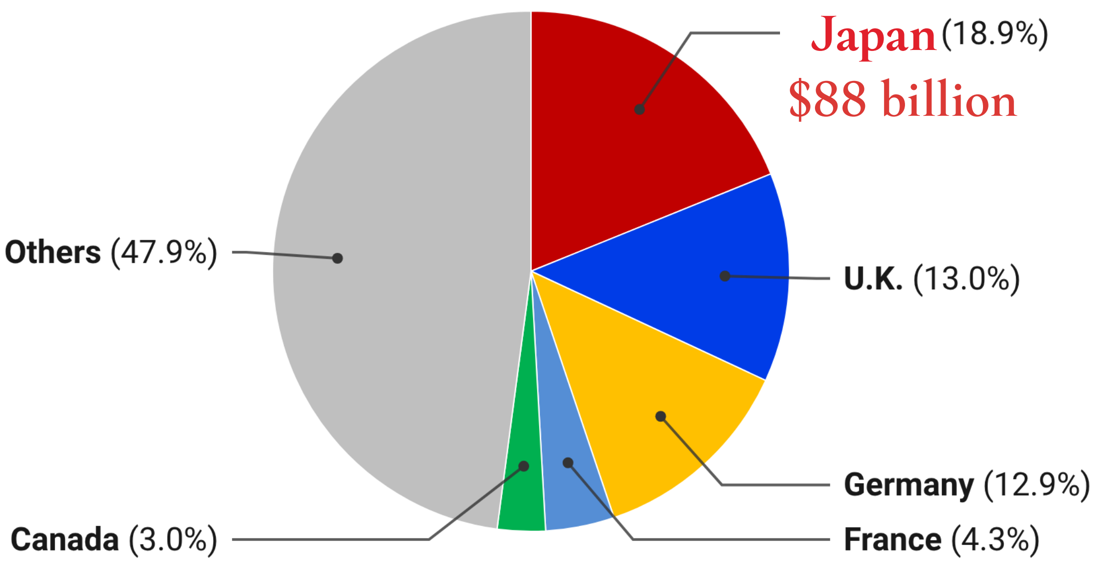
The Highest among all Foreign Investor Countries since 2019

JAPAN is #1 in Manufacturing Employment



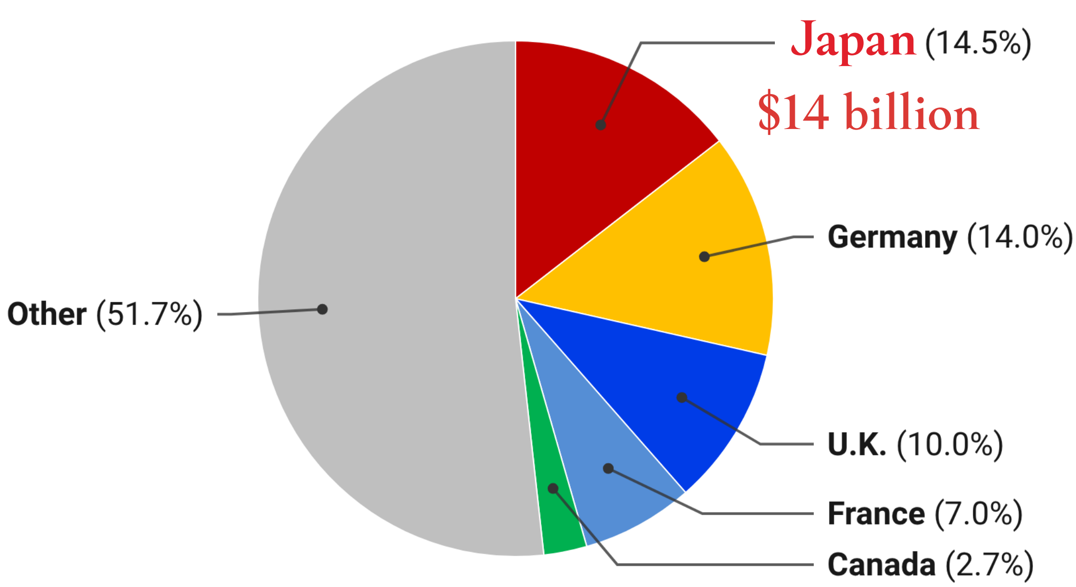
The Highest among all Foreign Investor Countries since 2007

JAPAN is #1 in U.S. Merchandise Exports



The Highest among all Foreign Investor Countries since the 1990s

JAPAN is #1 in R&D Spending in the U.S.



R&D spending by Japan's direct investment in the U.S. has shown a strong upward trend since 2001

EXECUTIVE SUMMARY

Japan’s U.S. Investment Dynamic 2026: Japan is the #1 U.S. Direct Foreign Investor

Our JETRO publication, “Japan’s U.S. Investment Dynamic 2027”, shows a phenomenal level of direct U.S. investment from Japan to the United States; at $827.1 billion [2025] Japan remains #1, and has achieved the highest level of U.S. direct investment ever among all foreign investor countries. Japanese companies are also engaged in the deployment of advanced manufacturing technologies in their U.S. facilities and are accelerating their investments in U.S. based research and development.

Compared to America’s leading foreign investors: Japan is #1 in terms of U.S. manufacturing employment with a record 596,500 Americans (2024) working for U.S. based Japanese manufacturing companies; Japan is the #1 investor in the U.S. research and development sector: $14 billion (2024) and Japan is the #1 contributor to U.S. merchandise exports as a record level of $88 billion of U.S. merchandise exports were generated by U.S. based Japanese companies in 2024.

An Affirmation of the Importance of a Strong and Cooperative Bilateral Partnership

On September 4, 2025, a critically important Memorandum of Understanding (MOU) between the Government of the United States of America and the Government of Japan, was signed in respect to strategic investments from Japan to the United States. This MOU fully recognizes that it is in the best interests of both nations for Japan to make a $550 billion investment commitment in the United States of America to advance economic and national security interests, including but not limited to semiconductors, pharmaceuticals, metals, critical minerals, shipbuilding, energy (including pipelines) and artificial intelligence/quantum computing. In the context of this ambitious MOU, the pace and tone of the U.S. – Japan relationship is affirmed and strengthened. With this MOU, an in-depth level of collaboration between our two nations is accelerating which JETRO embraces.

We at JETRO hope that our booklet serves as an enabling document for the reader to obtain a richer understanding of the dynamics of the U.S. Japan economic relationship.

INSIDE

COMPARISON OF THE TOP U.S. FOREIGN INVESTORS

Rank of FDI	Japan #1	Canada #2	Germany #3	U.K. #4
Amount of FDI (2025)	$827.1 billion	$819.8 billion	$706.2 billion	$674.5 billion
U.S. Employment (2024)	1,052,000	930,100	938,400	1,225,000
U.S. Manufacturing Employment (2024)	596,500	164,700	344,600	291,300
R&D Investment (2024)	$13.9 billion	$2.6 billion	$13.4 billion	$9.5 billion
U.S. Merchandise Exports (2024)	$88.4 billion	$14.2 billion	$60.2 billion	$60.8 billion
Top Industry Sectors By # of announced FDI projects in the U.S.	1.Industrial Equipment	1.Software&IT services	1.Industrial Equipment	1.Business Services
	2.Auto Components	2.Business Services	2.Software & IT Services	2.Software&IT services
	3.Real Estate	3.Real Estate	3.Transportation	3.Financial Services
	4.Software & IT Services	4.Energy	4.Auto Components	4.Industrial Equipment
	5.Chemicals	5.Financial Services	5.Electric Components	5.Communications
	6.Electric Components	6.Industrial Equipment	6.Chemicals	6.Energy

Sources:

1) U.S. Department of Commerce, "Activities of U.S. Affiliates of Foreign Multinational Enterprises (MNEs), U.S. Bureau of Economic Analysis (BEA)."

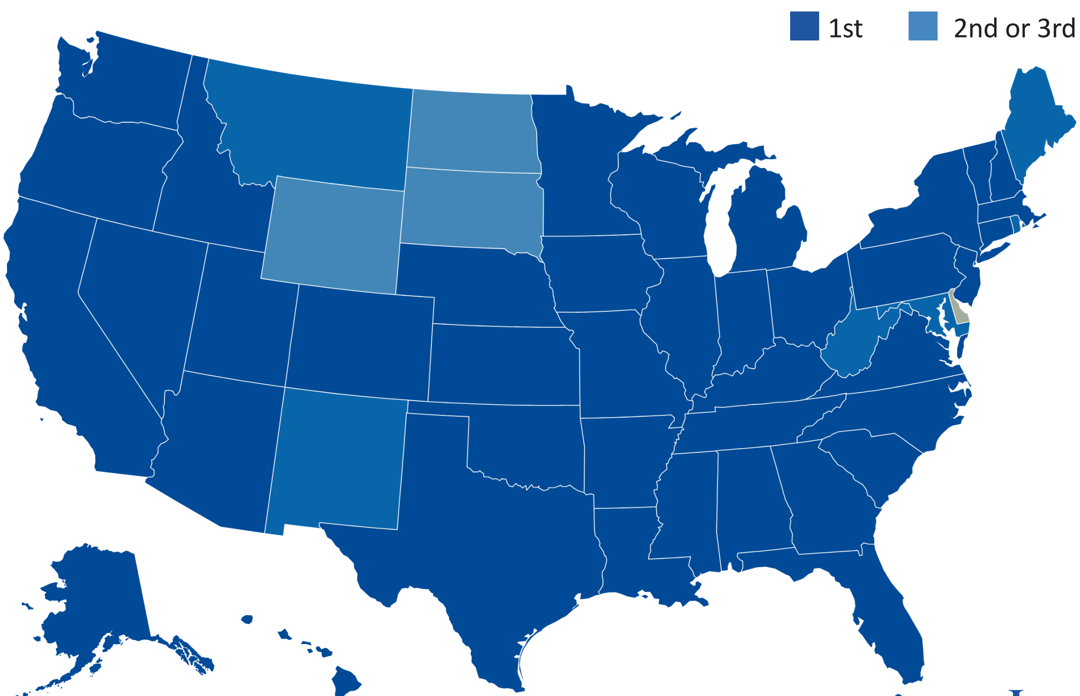
2) "SelectUSA International Fact Sheets," International Trade Administration | Trade.gov

3) U.S. Department of Commerce "Activities of U.S. Affiliates of Foreign Multinational Enterprises: Preliminary 2023 Statistics | U.S. Bureau of Economic Analysis (BEA)."

IMPACT OF JAPAN'S DIRECT INVESTMENT ACROSS THE UNITED STATES

In 2023, the number of U.S. based Japanese companies ranked in the top 3 of foreign investor countries in 49 states. In fact, Japanese companies were the #1 foreign investors in 40 U.S. states.

The Ranking of the Number of U.S. Based Japanese Firms



Japanese companies are welcomed and supported by local communities across the U.S.

Japan

Ranked #1 in :	Ranked in The Top 3 in:
40 STATES	**49 STATES**

Note: A foreign firm is defined by the U.S. Bureau of Economic Analysis (BEA) as firms in which "A U.S. affiliate in which the combined ownership of all foreign parents exceeds 50 percent with total assets, sales, and net income (or loss) of $20 million or more.

Source: U.S. Department of Commerce, "Activities of U.S. Affiliates of Foreign Multinational Enterprises: Preliminary 2023 Statistics, U.S. Bureau of Economic Analysis (BEA)."

Japan's Direct Investment in the United States is the Largest Among All Investor Countries in 2025

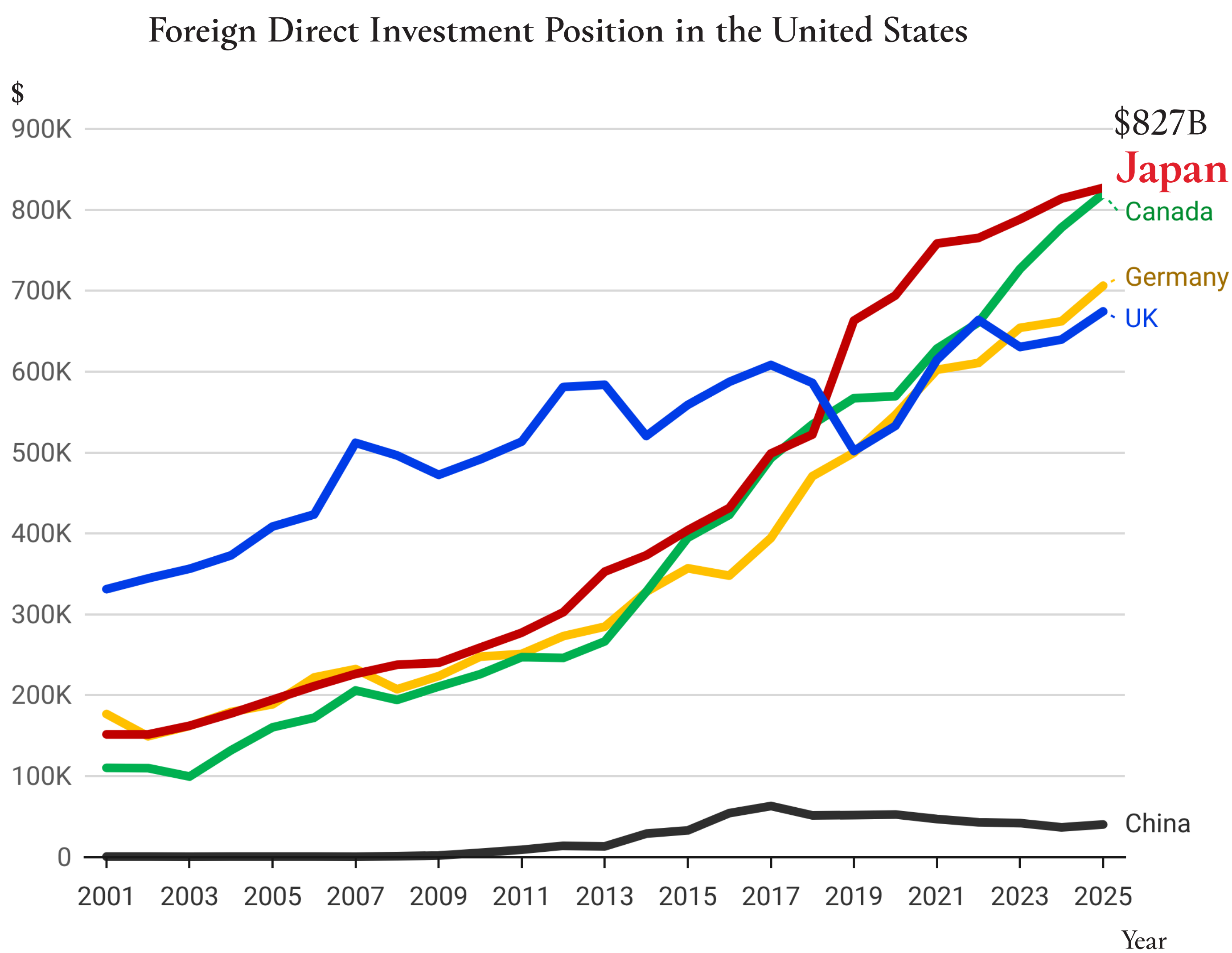
Among all investor countries, Japan has emerged as the number one major source of foreign direct investment in the U.S. for seven consecutive years.

The amount of Japan's direct investment to the U.S. reached a record level of $827 billion in 2025.

Japan's direct investment plays an essential role in contributing to U.S. economic growth and prosperity, creating employment, spurring innovation, and contributing to U.S. merchandise exports.

JAPAN AIMS TO BOOST INVESTMENTS IN THE U.S. TO ONE TRILLION DOLLARS

Japanese total direct investment in the U.S. reaches a record level of $827 billion in 2025.



Since 1990, Japanese direct investment in the U.S. economy has grown steadily, total investment at the end of 2025 was $827 billion ranking first among all investor countries, ahead of Canada ($820 billion), Germany ($706 billion), and the United Kingdom ($675 billion).

Source: U.S. Department of Commerce, "Activities of U.S. Affiliates of Foreign Multinational Enterprises (MNEs), U.S. Bureau of Economic Analysis (BEA)."

A Continuing Upward Trend in the Pace of Japan's Direct Investment in the U.S. Manufacturing Sector

Japanese manufacturing investment in the economy of the United States has been on a steady upward trend.

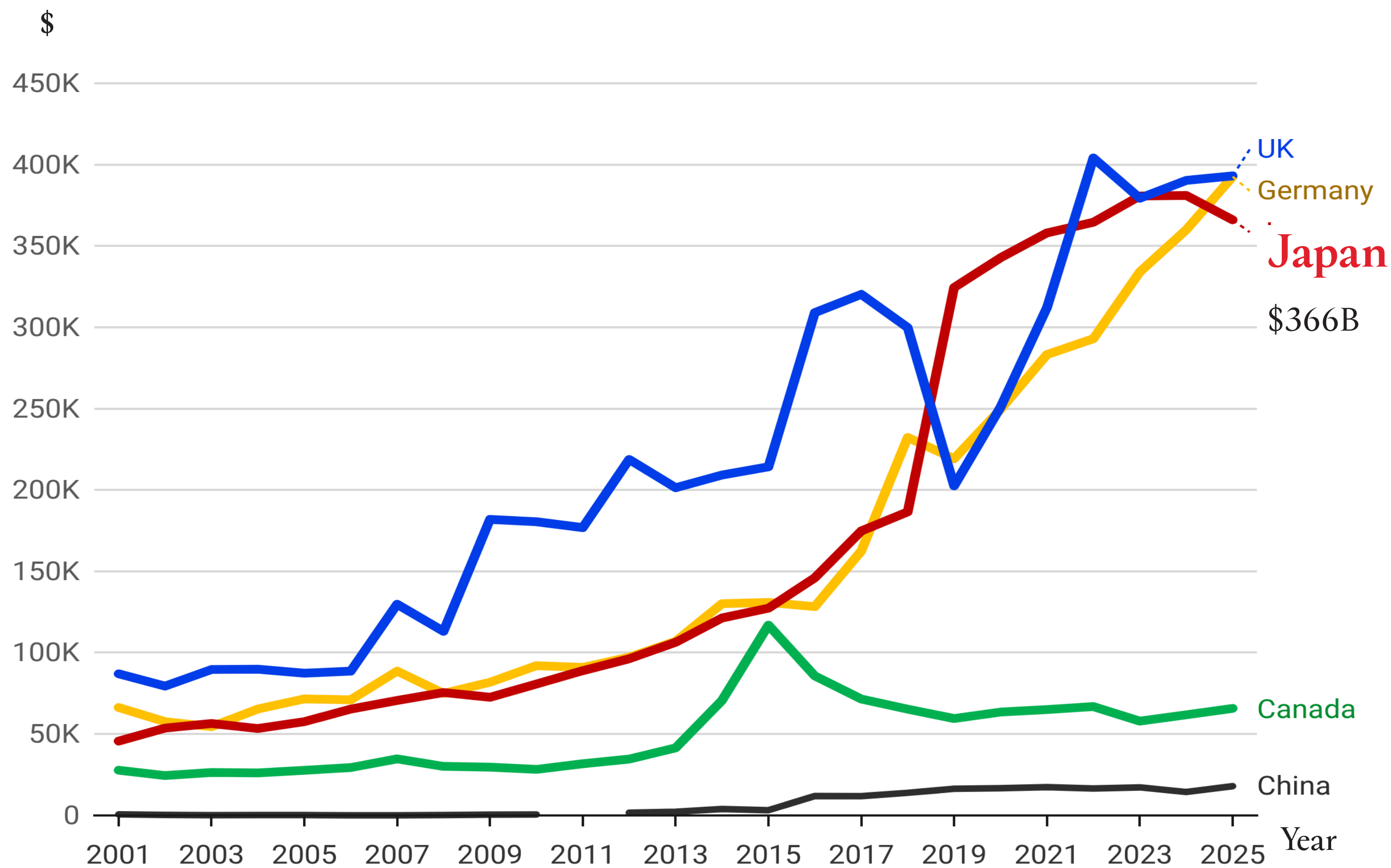
Comparing the 2010 and 2025 timeframe, direct investment from Japan to the U.S. manufacturing sector increased by $285 billion (354%) from $80.7 billion (2010) to $366 billion (2025).

There is a second significant trend beginning in 2009. At that time, Japanese direct investment in U.S. manufacturing accounted for 30.2% of Japan's total direct investment. Notably, in 2024, Japanese direct investment in U.S. manufacturing reached a phenomenal 45% of its total direct investment.

JAPAN'S MANUFACTURING INVESTMENT IN THE U.S. IS AT THE HIGHEST LEVEL IN THE HISTORY OF THE U.S.-JAPAN RELATIONSHIP

Japan's direct investment in U.S. manufacturing: $366 billion in 2025, an increase of 354% ($285 billion) since 2010.

Foreign Direct Investment Position in U.S. Manufacturing



The U.S. manufacturing sector is a major area of direct investment by Japan; mergers and acquisitions, construction of new production facilities, and expansion of existing operations, are all forms of investments by U.S.-based Japanese manufacturers.

When crises occur, there is a deep commitment among Japanese manufacturers to remain in the United States to assist their workforce and communities in overcoming these challenges. This strong corporate ethic among Japanese manufacturers develops a spirit of civic responsibility and strengthens the morale of their American employees allowing their companies to thrive once the crisis ends. This was exactly the case from the end of 2019 to 2022, when COVID-19 was pervasive. Japanese investment in the U.S. remained resilient compared to other investor countries.

Source: U.S. Department of Commerce, "Activities of U.S. Affiliates of Foreign Multinational Enterprises (MNEs), U.S. Bureau of Economic Analysis (BEA)."

A Record Level of 596,500 Americans were Employed by Japanese Manufacturers in the United States

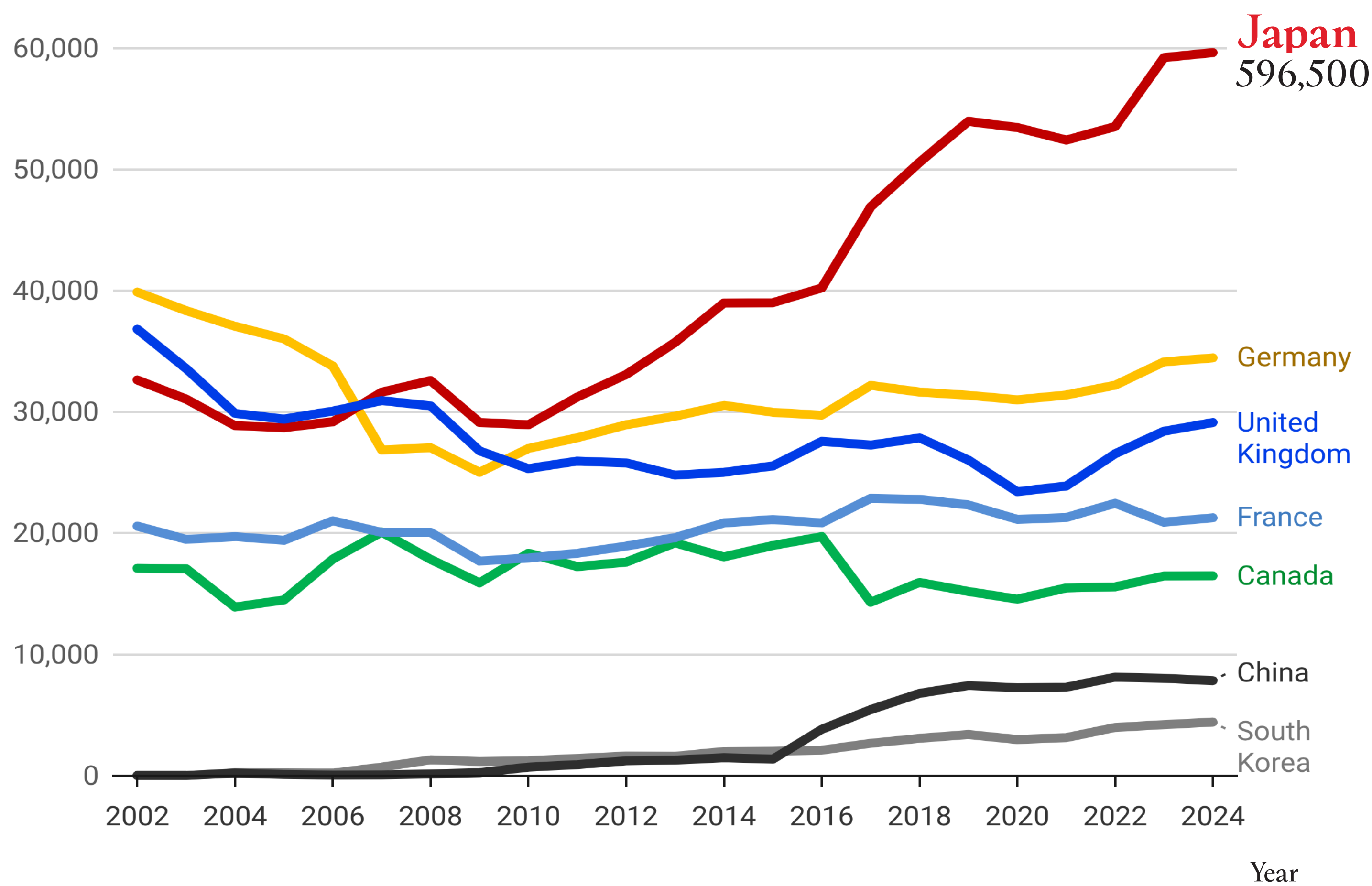
As Japan's capital investment in U.S. manufacturing has increased, the number of Americans employed by U.S. based Japanese manufacturers has also significantly grown. In 2024, a record 596,500 Americans were employed by Japanese manufacturers in the U.S., the highest level of any foreign investor in the United States.

In many small and medium-sized U.S. cities, Japanese companies are major employers in the manufacturing sector. Japanese companies offer competitive and fair wages, comprehensive benefits, and a deep commitment to the welfare of their American hometowns. Across America, city and state leaders have through the years perceived Japanese companies as being cornerstones of their communities fortifying local economic stability.

JAPAN IS THE #1 EMPLOYER IN THE U.S. MANUFACTURING SECTOR FOR 17 CONSECUTIVE YEARS

The record number of 596,500 Americans employed in U.S. based manufacturing (2024): an increase of 106% since 2010, or 307,100 more employees.

Manufacturing Employment by Foreign Investor Countries in the United States



A record number of 1,052,000 Americans were employed by Japanese companies in all sectors of the U.S. economy of which more than half were employed in manufacturing. When examining foreign direct investment in the U.S., Japanese manufacturers employed more than eight times the number of Americans compared to the combined U.S. employment in manufacturing investment from China (78,300) and South Korea (44,100) in 2024.

Source: U.S. Department of Commerce, "Activities of U.S. Affiliates of Foreign Multinational Enterprises (MNEs), U.S. Bureau of Economic Analysis (BEA)."

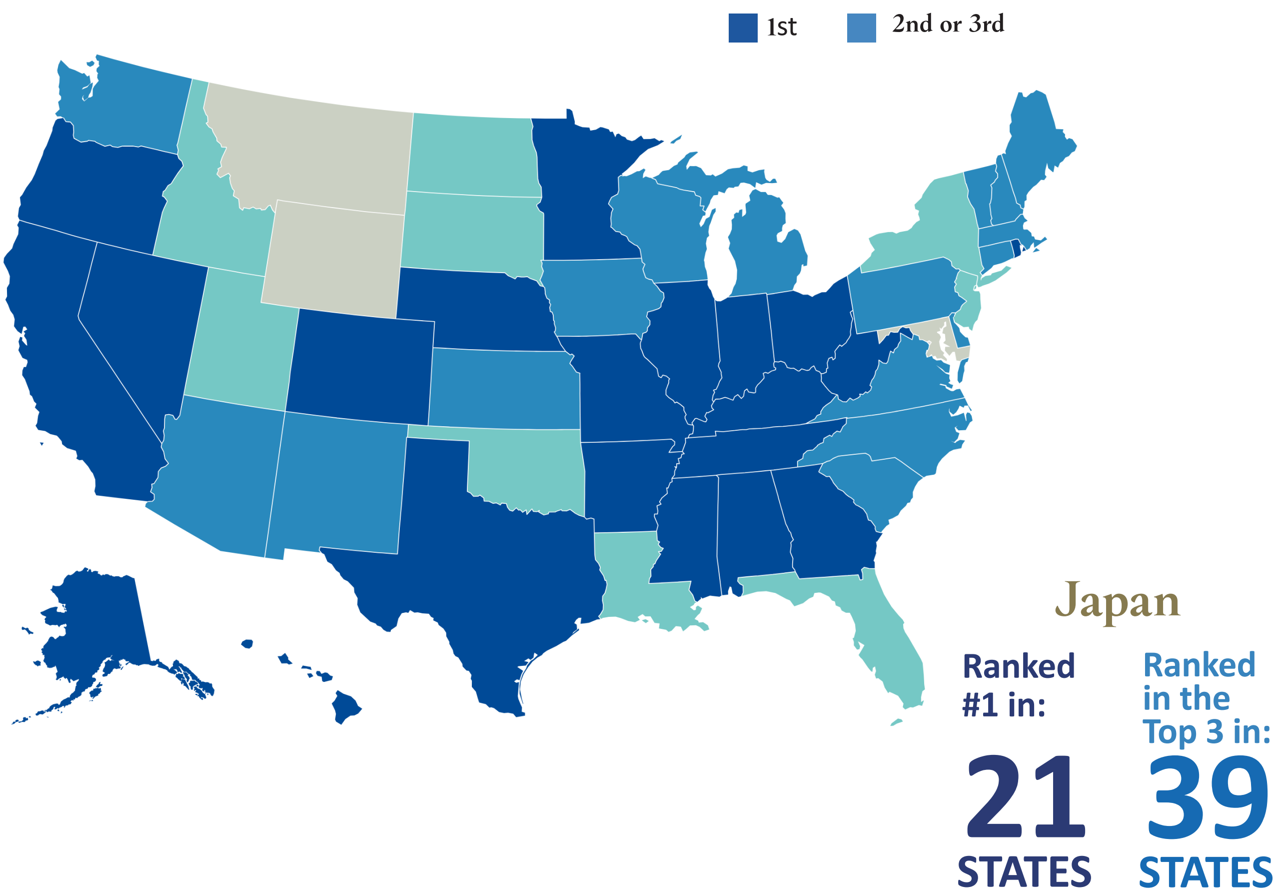
Among All Investor Countries, Japan Ranks in the Top Three in 39 States for the Total Number of Employees in the U.S. Manufacturing Sector (2023)

As Japan's capital investment in U.S. manufacturing has increased, there has been substantial growth in the number of Americans employed by U.S. based Japanese manufacturers. In 2023, a record number of 574,500 Americans were employed by Japanese manufacturers in the U.S. economy, the highest level among all foreign investors in the United States. Japanese investment in the U.S. manufacturing sector has sustained American middle class families for decades.

JAPAN'S MANUFACTURING INVESTMENT CREATES EMPLOYMENT FOR AMERICAN MIDDLE CLASS FAMILIES

In 39 States, Japan ranks in the top three for the total number of employees in the U.S. manufacturing sector among all investor countries (2023).

Japan's Ranking of Total Number of Manufacturing Employment



In many small and mid-size U.S. cities, Japanese companies are in fact the leading manufacturing employers. Japanese companies offer competitive and fair wages, comprehensive healthcare benefits, and a deep commitment to the well-being of their American hometowns. Japanese companies are therefore increasingly considered by American city and county leaders to be an important cornerstone of economic stability in their local economies.

Source: U.S. Department of Commerce, "Activities of U.S. Affiliates of Foreign Multinational Enterprises: Preliminary 2023 Statistics, U.S. Bureau of Economic Analysis (BEA)."

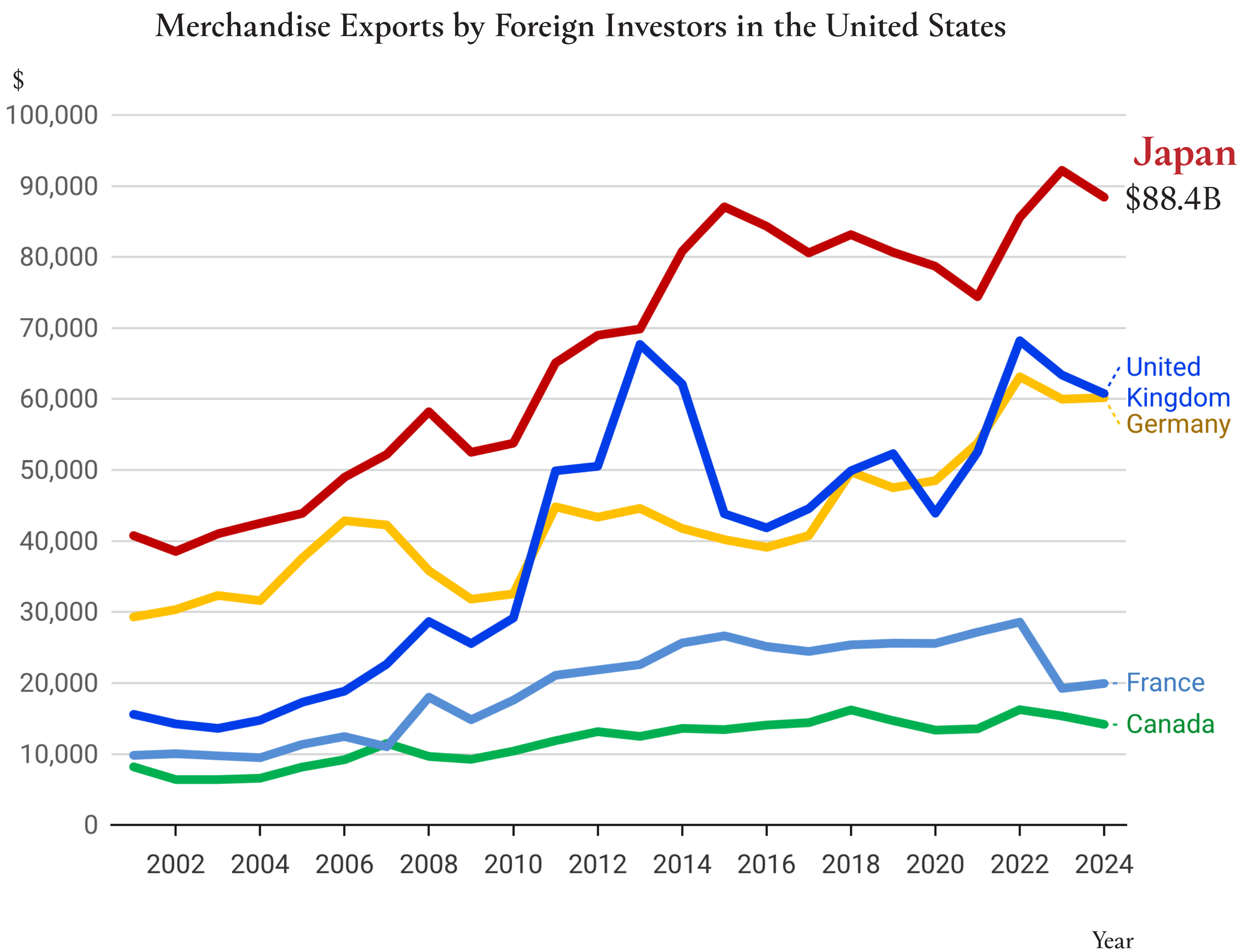
Japan Has Ranked First Among All Investor Countries in U.S. Merchandise Exports Since the Late 1990s

Foreign direct investment in the United States serves the needs of U.S. consumers and businesses alike. Importantly, foreign companies are increasingly using the U.S. economy as an export platform to meet global demand for their American made products.

Japanese companies in the U.S. are integrating export strategies into their business models. Japanese companies in the U.S. generated $88.4 billion in exports in 2024, a remarkable 4.3% of total U.S. merchandise exports. Since the late 1990's, Japanese investment in the U.S. has been the leader in generating U.S. merchandise exports among all foreign investors.

JAPAN'S DIRECT INVESTMENT IS ACCELERATING U.S. MERCHANDISE EXPORTS

Japanese companies continue to be the #1 contributor to U.S. merchandise exports among all U.S. foreign investors.



Japan's direct investment in the United States has provided well over two decades of significant U.S. export growth, which has sustained American jobs and has increased the global competitiveness of the U.S. economy.

Source: U.S. Department of Commerce, "Activities of U.S. Affiliates of Foreign Multinational Enterprises (MNEs), U.S. Bureau of Economic Analysis (BEA)."

Innovation and Creativity: The U.S. Economy is a R&D Platform for Japanese Companies

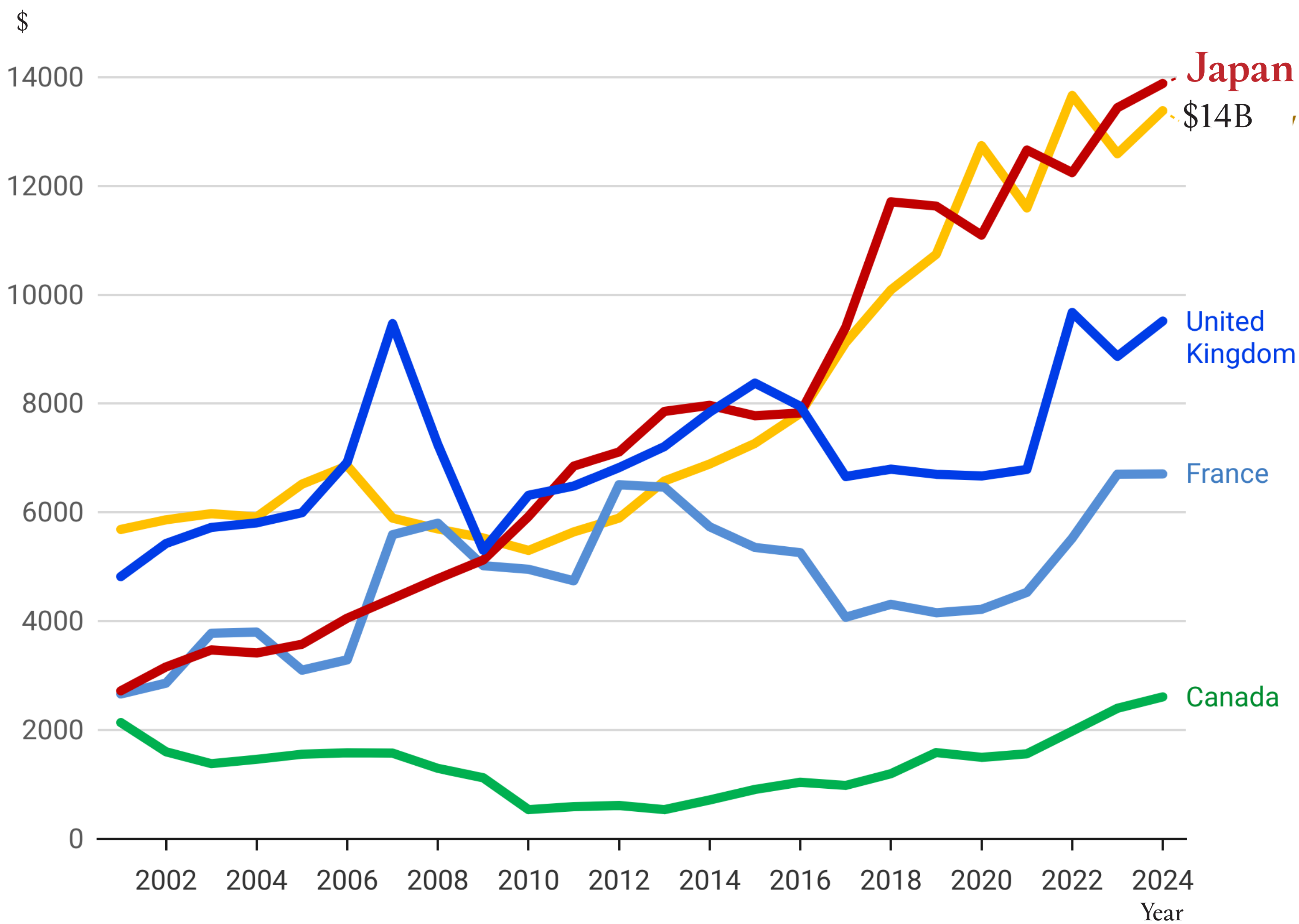
For Japanese companies, the United States is more than just a market. It is an environment that welcomes open innovation from start-up and medium-sized companies, major global corporations, academic based innovations, and federal research agencies.

Japanese companies have made the realization that to remain globally competitive, their U.S. based businesses must initiate investment and collaboration in American innovation and ingenuity. Japanese technology innovation is accelerated by pursuing collaborative research in the United States. Japanese investment in the U.S. R&D sector reached a record level of $14 billion in 2024, an increase of 134% or $8 billion since 2010.

JAPANESE R&D INVESTMENT CONTRIBUTES TO ADVANCING U.S. INNOVATION

Japanese companies allocated $14 billion in R&D spending in the U.S. (2024)

R&D Capital Spending by Top Foreign Investors in the United States



Direct investment from Japan ($14 billion) have shown a very strong upward trend in R&D spending in the United States. It is reasonable to assume that as more foreign manufacturing investment expands in the U.S., R&D capital spending by foreign investors in the U.S. economy will also increase.

Source: U.S. Department of Commerce, "Activities of U.S. Affiliates of Foreign Multinational Enterprises (MNEs), U.S. Bureau of Economic Analysis (BEA)."

Highlights from JETRO's 2025 Survey on Business Conditions of U.S. Based Japanese Companies

Since 1981, the Japan External Trade Organization (JETRO) has been the only institution conducting annual in-depth survey research on the business conditions and outlook of Japanese companies operating in overseas countries. This is the 44th Annual Survey for the United States.

Survey Period
September 4 ~25, 2025

Valid Responses
34.8% - 652 responses from 1,871 companies

Scope of Survey
Japanese affiliated manufacturers and non-manufacturers operating in the U.S. that are at least 10% owned by a Japanese parent either directly or indirectly, and branches of Japanese companies in the U.S.

Access full report

Operating Profit Forecast in the U.S.

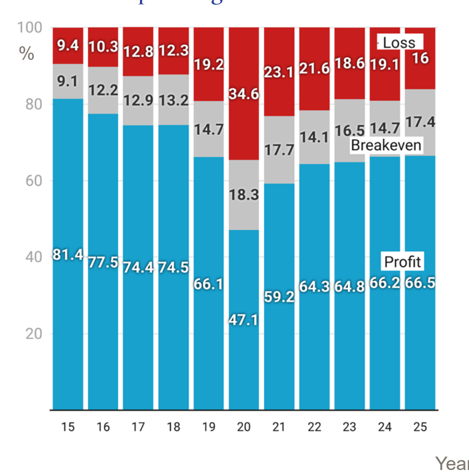
The percentage of companies forecasting profits remain at the same level as last year. (648 respondents)

Companies projecting a profit increased to the mid-60% range, while the percentage forecasting a loss is on a declining trend.

The percentage of companies anticipating a profit for 2025 was 66.5%, slightly up by 0.3 percentage points from the previous year (66.2%). The share of those projecting a loss was 16.0%, down 3.1 percentage points from the previous year (19.1%), maintaining a downward trend since reaching the highest level (34.6%) in 2020. By industry, for operating profit forecasts in manufacturing, rubber/ceramic/stone and clay products led (100%), followed by plastic products (87.0%). In non-manufacturing, transport, among other industries, led with 82.8% expecting profitability.

Companies expecting losses attributed them to rising costs due to tariff hikes, deteriorating market environments, and cost increases driven by inflation, including surging labor and raw material costs.

Operating Profit Forecast

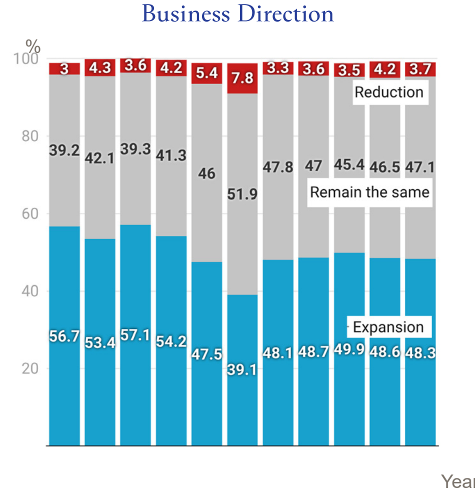


Future Business Direction

Approximately 50% of U.S. Based Japanese Companies are Planning a Business Expansion. (650 respondents)

Just under half (48.3%) of our survey respondents will expand their businesses in the U.S. during the next one to two years, down slightly by 0.3 percentage points from the previous year (48.6%). The percentage has remained mostly unchanged since 2021, following the COVID-19 pandemic.
By industry, in manufacturing (355 respondents), the percentage for "expansion" was highest in precision machines/medical equipment (69.2%) and rubber/ceramic/stone and clay products (66.7%); in non-manufacturing, finance/insurance (66.7%) and transport (55.2%) led the category.
In the non-manufacturing sector, 46.8% of the 295 survey respondents indicated an expansion of their U.S. business operations. Over 50% of the respondents from finance and insurance and transportation services cited the possibility of a business expansion.

Business Direction

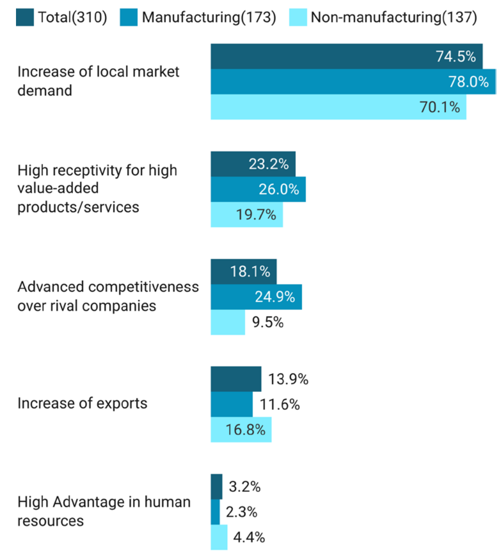


Reasons for U.S. Business Expansion

The primary reason cited by 75% of respondents was to meet increased demand in the local market. (310 respondents)

The primary reason provided by 75% of the survey's respondents for seeking U.S. business expansion within the next one to two years was to meet an increase of local market demand: 78% of manufacturing sector respondents and 70% of non-manufacturing respondents cited the needs of their local market are accelerating business expansion. The build-out of data centers in the U.S. is also driving expansion. Numerous respondents cited that market demand in sectors like semiconductors, clean energy, and electric vehicles (EV).

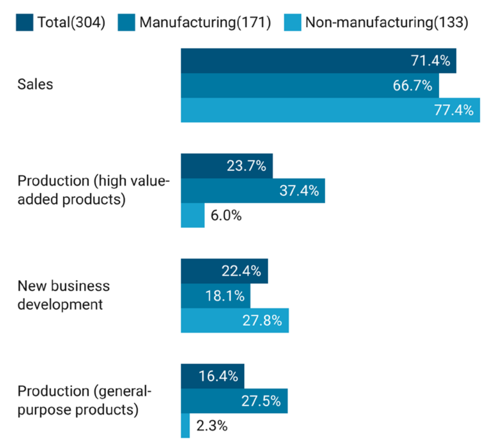
An increase to higher priced and higher performance products and more value-added services is also causing expansion for respondents in numerous industries: electrical equipment, chemicals, pharmaceuticals, ferrous and non-ferrous metals, and food. Also, respondents with distinct and differentiated technologies giving them a superior competitive advantage in the U.S. market are expanding.



Expanding Functions and Top U.S. Locations

The top U.S. locations for respondents to expand in the United States were California and Texas. (304 respondents)

Regarding specific business functions that companies plan to expand over the next one to two years, "sales" continued to lead at 71.4%, which is consistent with the previous year. The second and third places also followed a similar trend to the previous year, with "production (high value-added products)" and "new business development" accounting for 23.7% and 22.4%, respectively. Companies plan to expand these functions primarily to California and Texas, which have large economies. Top locations for manufacturing companies to develop a sales expansion in the United States: California: 14 companies indicated a sales expansion function; Texas: 7; Florida: 5; and: Kentucky: 4 companies.



Management Challenges

To secure and retain human resource talent, more than half (56.6%) of the respondents indicated they are initiating "improvements in salary."(631 respondent)

Many companies are also providing non-financial support through the "improvement of welfare benefits and a comfortable working environment" (54.3%) and to "make work styles more flexible/reform work styles" (32.3%). In addition, companies are considering training programs in Japan were identified across industries.

Specific human resource measures were cited by respondents, examples: revising salaries and benefits and increasing salaries to account for inflation [Sales companies, food, trading/wholesale]. Also cited was an increase the employer's share of health insurance premiums, implement, and enhance 401k [Automobiles, etc.]

Also, respondents considered conducting training programs in Japan [Chemical/Medicines, plastic, general machinery, sales companies, etc.] Examples of reforming the workday, such as implementing hybrid work, teleworking, and flexible working hours [indicated by multiple industries]. Expanding recruitment targets, examples, by hiring non-native English speakers and providing a supportive environment, including translating work instructions [Automotive etc. parts]

THE JAPAN – U.S. DIRECT INVESTMENT RELATIONSHIP AND JETRO'S ROLE

JETRO (Japan External Trade Organization) is the Government of Japan's official trade and investment promotion agency.

We realize that trade and direct investment flows two-ways among countries. JETRO plays a significant role in assisting Japanese companies with establishing relationships in the United States to make an initial investment, adding to an existing investment, seeking for the possibility of business/technical collaboration and alliance with U.S. innovation companies. Importantly, we are dedicated to assisting qualified U.S. innovation companies to develop an initial business presence in Japan or assist a U.S. company, which already has a Japanese business presence to physically expand their existing investment in Japan's market. It is the velocity of direct investment between Japan and the United States, in which JETRO will sustain and accelerate our economic dynamism between the U.S.

ENABLING BUSINESS RELATIONSHIPS IN JAPAN FOR STATE AND LOCAL GOVERNMENTS

JETRO has built numerous relationships among U.S. state and local government leaders interested in supporting Japanese companies expand their investment presence in their communities. More and more, JETRO is working closely with state and local leaders to assist them in obtaining visibility in Japan.

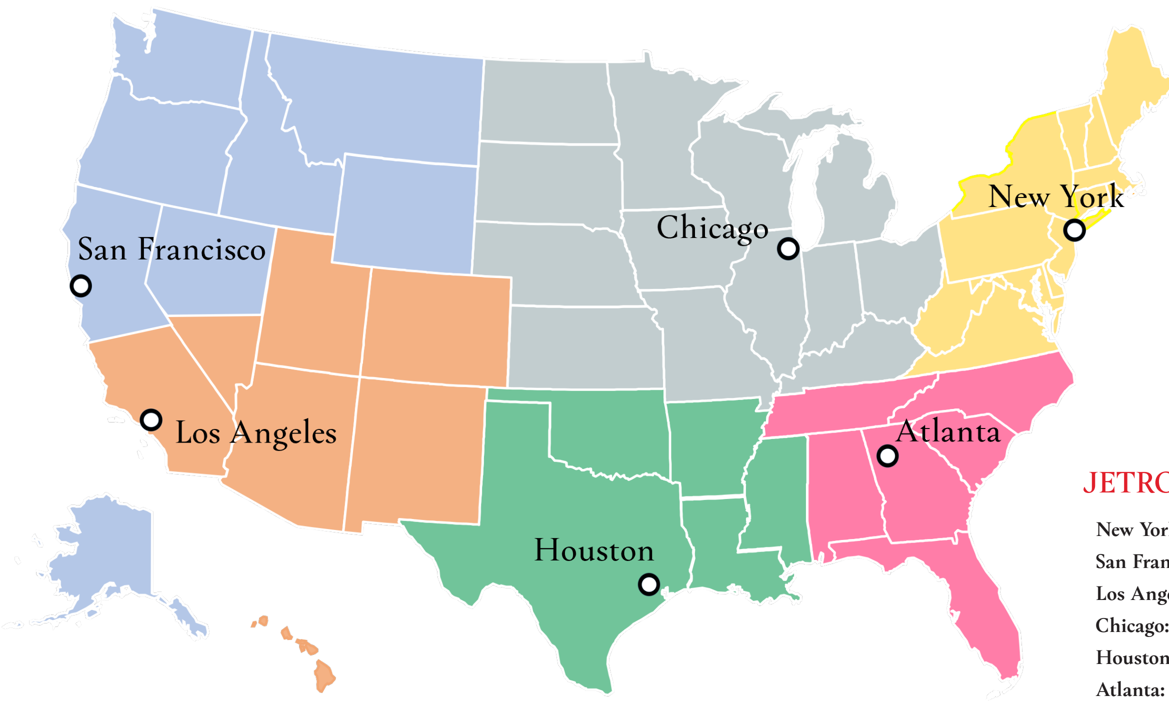
ENGAGING JETRO TO CONNECT WITH JAPAN

At no other time in JETRO's history has there been such a strong momentum from U.S. state and local leaders to call upon us to assist them to initiate and sustain relationships with Japanese companies and with their Japanese peers in prefecture and local governments. As a matter of fact, JETRO has recently hosted a record number of thirty U.S. governors and lieutenant governors at our Tokyo head office enabling them to meet JETRO's leadership and to participate in JETRO's customized state investment briefings for Japanese businesses interested in expanding to the United States. We at JETRO realize that Japanese businesses welcome the voices of U.S. governors; to directly listen in-person regarding how governors and their economic teams introduce their states and to initiate investment or business-related inquiries. U.S. governors want to engage Japanese. They are excited to introduce their states and their delegations to Japanese businesses. We at JETRO are honored to engage with state and local government officials. We have seen how our involvement has led to successful investments from Japan into American communities contributing to economic growth thereby enhancing their quality of life. We believe it is the sum of our efforts with state and local governments and Japanese companies that strengthens the foundation for a strong and dynamic U.S. - Japan economic partnership.

JETRO CONTACT INFORMATION

JETRO (Japan External Trade Organization) has an active mission focused on two-way trade and investment between Japan and the United States.

For state and local governments, please contact JETRO to discuss how we could work together to sustain existing and support new investment from Japan in your region. For American companies wishing to discuss their business models for entering into Japan or simply seeking the possibility of business/technical collaboration with Japanese companies, please contact us.



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Chicago:	312-832-6000
Houston:	713-759-9595
Atlanta:	404-681-0600

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ADDITIONAL RESOURCES

JETRO USA WEBSITE

Latest activities focused on JETRO's mission in the United States.

JAPAN STORIES

A compilation of interviews with team members, managers, and presidents of Japanese companies throughout the United States.

Contact Us

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